



## Legislative Fiscal Bureau

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Joint Committee on Finance

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### UW Stevens Point Institute for Sustainable Technology (UW System)

[LFB 2023-25 Budget Summary: Page 668, #13]

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#### CURRENT LAW

The Wisconsin Institute for Sustainable Technology (WIST) at UW Stevens Point provides research, laboratory services, and education to help businesses and other organizations to meet their natural resources sustainability goals. According to their mission, WIST "will be a nationally recognized, self-supporting institute leading collaborative research, education, and services that introduce and facilitate development and adoption of sustainable technologies and practices which contribute to an improved quality of life for present and future generations." For example, activities include identifying and developing bio-based platform chemicals for the fuel and polymer industries as well as new opportunities for waste and residual co-products.

#### DISCUSSION POINTS

1. According to a 2019 study conducted by WIST and funded by the Wisconsin Economic Development Corporation (WEDC) entitled "An Assessment of the Economic Contribution of Pulp, Paper, and Converting to the State of Wisconsin," Wisconsin's pulp, paper and converting industries generated \$18.16 billion in economic output and employed 30,262 workers in 2018. Further, the research found that total economic contributions from the industries, through direct, indirect, and induced effect, is estimated at approximately \$28.9 million in economic output and 95,900 jobs. The study also noted that the paper industry is the fifth-largest manufacturing sector in Wisconsin, and that Wisconsin leads the nation in value of products sold, number of employees, and number of paper mills.

2. However, demand for paper declined during the early 2000s as many print resources moved to electronic formats, and more recently the industry experienced a decline when the COVID-19 pandemic impacted the demand for printing and writing paper. The pandemic also shifted supply

and demand among paper sectors. Some paper mills closed, while others pivoted to products experiencing increased or steady demand, such as specialty papers for food packaging and hygiene and corrugated cardboard. For example, containerboard production and old corrugated container consumption reached record levels in 2021, according to the American Forest and Paper Association (AFPA), driven by a surge in online commerce. Interest in sustainability is also driving changes in the paper industry, as demand for recyclable packaging and products made from recycled materials has increased. In 2021, AFPA found that 94% of Americans have access to community paper and paperboard recycling programs and 79% have access to residential-curb-side programs.

3. WIST provides research, laboratory services, and education to business and industry, including the paper industry. For example, WIST provides physical and analytical tests for the paper industry, including recyclability and repulpability testing and certification and compostability testing. How2Recycle, a membership group that provides standardized labeling to help consumers correctly recycle materials, has approved WIST as a provider of repulpability and recyclability testing for certain unbleached coated packaging materials such as carton board and corrugated board. WIST also offers papermaking courses in collaboration with the Technical Association of the Pulp and Paper Industry (TAPPI), and operates a pilot paper machine that is used to provide hands-on experience and allows for experimentation with different fibers and other inputs.

4. WIST was initially provided \$1.4 million in federal funding under the 2009 American Recovery and Reinvestment Act (ARRA). In addition, 2009 Act 28, the 2009-11 biennial budget act, provided funding from the recycling and renewable energy fund for the Wisconsin Bioenergy Initiative, including \$440,000 SEG annually to UW-Stevens Point for WIST. Funding was provided for the director of WIST, a faculty or academic staff position to support WIST and the College of Natural Resources, a faculty position in the paper sciences department, as well as one other faculty position for the Wisconsin K-12 Energy Education Program. According to WIST's director, WIST received \$440,000 SEG in fiscal year 2009-10, and \$220,000 SEG annually from fiscal years 2010-11 through 2014-15. 2015 Act 55 eliminated funding for the Wisconsin Bioenergy Initiative and WIST received no funding in fiscal years 2015-16 and 2016-17. 2017 Act 59, the 2017-19 biennial budget act, would have provided \$440,000 SEG in annual funding from the environmental fund rather than the recycling fund for WIST. However, the Governor vetoed the second year of funding so that \$440,000 SEG in one-time funds were provided for fiscal year 2017-18 only. WIST's director indicates they have not received any state funding since fiscal year 2017-18.

5. According to the WIST director, they are currently the only WIST staff member, and are appointed at 0.50 FTE due to lack of consistent funding. However, the Governor has allocated \$4 million in ARPA funds to WIST to support staff and operations from January 1, 2023 through December 31, 2026. In addition, Assembly Bill 43/Senate Bill 70 would provide \$250,000 annually in appropriation 20.285(1)(a) (UW's block grant appropriation) and require the Board of Regents to provide funding from this appropriation to WIST to broaden the Institute's support for, and further technical contributions to, the state's forest and paper industries and for the Institute's ongoing operations. [Alternative 1]. DOA staff indicate the additional funding provided in the proposal would provide an additional boost for the forest products industry and provide stable funding going into the 2025-27 biennium. However, given the ARPA funding has not been allocated to WIST yet and is expected to continue through December, 2026, it could be argued no additional funding is necessary at this time. [Alternative 3]

6. The Governor's 2021-23 budget request would have provided \$365,000 annually from the environmental fund to support WIST in an appropriation under the UW System. Base level funding in this appropriation is currently set at \$0. Under current law, including standard budget adjustments and Committee action to date, the environmental management account of the environmental fund is expected to have an available closing balance of \$28.8 million on June 30, 2025. As funding for WIST has been provided from the environmental fund in the past, this could be an appropriate alternate source of funding for the program. Providing funding in this appropriation would provide base level funding for the Institute going into the 2025-27 biennium. [Alternative 2]

## ALTERNATIVES

1. Provide \$250,000 annually in appropriation 20.285(1)(a) (UW's block grant appropriation) and require the Board of Regents to provide funding from this appropriation to the Wisconsin Institute for Sustainable Technology to broaden the Institute's support for, and further technical contributions to, the state's forest and paper industries and for the Institute's ongoing operations.

ALT 1	Change to Base
GPR	\$500,000

2. Provide \$250,000 annually from the environmental fund in appropriation 20.285(1)(sp) to support the Wisconsin Institute for Sustainable Technology at the University of Wisconsin-Stevens Point.

ALT 2	Change to Base
SEG	\$500,000

3. Take no action.

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